

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters.
(Also Part I, Sections 846; 1.846-1.)

Rev. Proc. 2007-9

SECTION 1. PURPOSE

This revenue procedure prescribes the loss payment patterns and discount factors for the 2006 accident year. These factors will be used for computing discounted unpaid losses under ' 846 of the Internal Revenue Code. See Rev. Proc. 2003-17, 2003-1 C.B. 427, for background concerning the loss payment patterns and application of the discount factors.

SEC. 2. SCOPE

This revenue procedure applies to any taxpayer that is required to discount its unpaid losses under ' 846 for a line of business using discount factors published by the Secretary.

SEC. 3. TABLES OF DISCOUNT FACTORS

.01 The following tables present separately for each line of business the discount factors under ' 846 for accident year 2006. All the discount factors presented in this section were determined using the applicable interest rate under ' 846(c) for 2006, which is 3.98 percent, and by assuming all loss payments occur in the middle of the calendar year.

.02 If the groupings of individual lines of business on the annual statement change, taxpayers must discount the unpaid losses on the affected lines of business in accordance with the discounting patterns that would have applied to those unpaid losses based on their classification on the 2000 annual statement. See Rev. Proc. 2003-17, 2003-1 C.B. 427, section 2, for additional background on discounting under section 846 and the use of the Secretary=s tables.

.03 Section V of Notice 88-100, 1988-2 C.B. 439, sets forth a composite method for computing discounted unpaid losses for accident years that are not separately reported on the annual statement. The tables separately provide discount factors for taxpayers who elect to use the composite method of section V of Notice 88-100. See Rev. Proc. 2002-74, 2002-2 C.B. 980.

.04 Section 2.03(4) of Rev. Proc 2003-17 requested comments as to whether a methodology should be adopted to smooth the raw payment data and thus produce a more stable pattern of discount factors. This issue will be addressed in the new determination year, which is 2007. Accordingly, taxpayers may still submit comments that should include a reference to **Rev. Proc. 2007-9** on this issue to the following address:

CC:PA:LPD:PR (**Rev. Proc. 2007-9**), room 5203, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Comments may be hand delivered between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD (**Rev. Proc. 2007-9**), Courier's Desk, Internal

Revenue Service, 1111 Constitution Avenue, NW, Washington, DC 20224. Alternatively, e-mail comments to Notice.Comments@irscounsel.treas.gov. All comments will be available for public inspection and copying.

.05 Tables.

**Tables of Factors to be Used to Discount
Unpaid Losses Incurred in
Accident Year 2006**

(Interest rate: 3.98 percent)

Accident and Health (Other Than Disability Income or Credit Disability Insurance)

Taxpayers that do not use the composite method of Notice 88-100 should use 98.0675 percent to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the 2006 and later taxable years.

Taxpayers that use the composite method of Notice 88-100 should use 98.0675 percent to discount all unpaid losses in this line of business that are outstanding at the end of the 2006 taxable year.

Auto Physical Damage

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	89.6468	89.6468	10.3532	10.1356	97.8981
2007	99.6845	10.0377	0.3155	0.3035	96.1907

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2008 and later years	0.1578	0.1578	0.1547	98.0675
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Taxpayers that use the composite method of Notice 88-100 should use 98.0675 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2008 taxable year.

Commercial Auto/Truck Liability/Medical

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	28.8244	28.8244	71.1756	65.9439	92.6497
2007	54.9871	26.1626	45.0129	41.8903	93.0628
2008	72.8039	17.8168	27.1961	25.3896	93.3575
2009	85.0572	12.2533	14.9428	13.9054	93.0572
2010	91.6276	6.5704	8.3724	7.7589	92.6725
2011	94.9514	3.3239	5.0486	4.6784	92.6676
2012	97.0453	2.0938	2.9547	2.7295	92.3768
2013	98.1574	1.1121	1.8426	1.7041	92.4822
2014	98.7370	0.5796	1.2630	1.1809	93.4978
2015	99.1070	0.3700	0.8930	0.8506	95.2504

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2016	0.3700	0.5230	0.5072	96.9692
2017 and later years	0.3700	0.1530	0.1501	98.0675

Taxpayers that use the composite method of Notice 88-100 should use 97.1689 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

Composite

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	40.9985	40.9985	59.0015	53.7593	91.1153
2007	65.8439	24.8454	34.1561	30.5639	89.4832
2008	77.5023	11.6583	22.4977	19.8923	88.4193
2009	84.6221	7.1198	15.3779	13.4239	87.2935
2010	90.2455	5.6234	9.7545	8.2239	84.3094
2011	92.2780	2.0325	7.7220	6.4788	83.8997
2012	94.3974	2.1195	5.6026	4.5754	81.6658
2013	95.2526	0.8552	4.7474	3.8854	81.8439
2014	96.2792	1.0266	3.7208	2.9933	80.4470
2015	96.4323	0.1531	3.5677	2.9562	82.8624

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2016	0.1531	3.4145	2.9177	85.4512
2017	0.1531	3.2614	2.8777	88.2363
2018	0.1531	3.1083	2.8361	91.2444
2019	0.1531	2.9551	2.7928	94.5083
2020 and later years	0.1531	2.8020	2.7478	98.0675

Taxpayers that use the composite method of Notice 88-100 should use 88.1508 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

Fidelity/Surety

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	38.3328	38.3328	61.6672	58.1879	94.3581
2007	58.8485	20.5156	41.1515	39.5839	96.1907

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2008 and later years	20.5758	20.5758	20.1781	98.0675
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Taxpayers that use the composite method of Notice 88-100 should use 98.0675 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2008 taxable year.

Financial Guaranty/Mortgage Guaranty

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	4.0723	4.0723	95.9277	90.7812	94.6350
2007	40.7639	36.6916	59.2361	56.9796	96.1907

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2008 and later years	29.6180	29.6180	29.0457	98.0675
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Taxpayers that use the composite method of Notice 88-100 should use 98.0675 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2008 taxable year.

International (Composite)

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	40.9985	40.9985	59.0015	53.7593	91.1153
2007	65.8439	24.8454	34.1561	30.5639	89.4832
2008	77.5023	11.6583	22.4977	19.8923	88.4193
2009	84.6221	7.1198	15.3779	13.4239	87.2935
2010	90.2455	5.6234	9.7545	8.2239	84.3094
2011	92.2780	2.0325	7.7220	6.4788	83.8997
2012	94.3974	2.1195	5.6026	4.5754	81.6658
2013	95.2526	0.8552	4.7474	3.8854	81.8439
2014	96.2792	1.0266	3.7208	2.9933	80.4470
2015	96.4323	0.1531	3.5677	2.9562	82.8624

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2016	0.1531	3.4145	2.9177	85.4512
2017	0.1531	3.2614	2.8777	88.2363
2018	0.1531	3.1083	2.8361	91.2444
2019	0.1531	2.9551	2.7928	94.5083
2020 and later years	0.1531	2.8020	2.7478	98.0675

Taxpayers that use the composite method of Notice 88-100 should use 88.1508 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

Medical Malpractice -- Claims-Made

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	7.3447	7.3447	92.6553	83.4596	90.0754
2007	29.0191	21.6744	70.9809	64.6798	91.1228
2008	53.3108	24.2917	46.6892	42.4836	90.9925
2009	69.1517	15.8409	30.8483	28.0215	90.8363
2010	82.0981	12.9464	17.9019	15.9352	89.0139
2011	86.3995	4.3014	13.6005	12.1832	89.5793
2012	89.7111	3.3116	10.2889	9.2913	90.3038
2013	92.4688	2.7577	7.5312	6.8490	90.9420
2014	94.5163	2.0475	5.4837	5.0337	91.7950
2015	95.7635	1.2471	4.2365	3.9624	93.5285

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2016	1.2471	2.9894	2.8483	95.2819
2017	1.2471	1.7422	1.6900	97.0008
2018 and later years	1.2471	0.4951	0.4855	98.0675

Taxpayers that use the composite method of Notice 88-100 should use 95.9709 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

Medical Malpractice -- Occurrence

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	0.8316	0.8316	99.1684	84.5630	85.2721
2007	7.4573	6.6257	92.5427	81.1723	87.7134
2008	23.5575	16.1002	76.4425	67.9856	88.9369
2009	41.0062	17.4487	58.9938	52.8989	89.6685
2010	55.5832	14.5770	44.4168	40.1400	90.3712
2011	68.9413	13.3581	31.0587	28.1163	90.5261
2012	78.2095	9.2682	21.7905	19.7844	90.7937
2013	82.8727	4.6632	17.1273	15.8167	92.3480
2014	86.3178	3.4451	13.6822	12.9332	94.5260
2015	91.0834	4.7656	8.9166	8.5884	96.3200

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2005 accident year and that are outstanding at the end of the tax year shown.

2016 and later years	4.7656	4.1510	4.0708	98.0675
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Taxpayers that use the composite method of Notice 88-100 should use 98.0675 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

Miscellaneous Casualty

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	79.7790	79.7790	20.2210	19.5491	96.6770
2007	94.9417	15.1627	5.0583	4.8656	96.1907

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2008 and later years	2.5292	2.5292	2.4803	98.0675
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Taxpayers that use the composite method of Notice 88-100 should use 98.0675 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2008 taxable year.

Multiple Peril Lines
(Homeowners/Farmowners, Commercial Multiple Peril, and Special Liability
(Ocean Marine, Aircraft (All Perils), Boiler and Machinery))

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	59.7445	59.7445	40.2555	37.4341	92.9914
2007	81.0347	21.2902	18.9653	17.2142	90.7672
2008	87.3325	6.2978	12.6675	11.4775	90.6059
2009	91.0659	3.7334	8.9341	8.1273	90.9698
2010	95.1781	4.1122	4.8219	4.2575	88.2964
2011	95.7605	0.5824	4.2395	3.8331	90.4149
2012	97.0539	1.2933	2.9461	2.6668	90.5202
2013	97.6441	0.5903	2.3559	2.1711	92.1567
2014	98.7037	1.0596	1.2963	1.1770	90.8007
2015	98.6217	-0.0821	1.3783	1.3076	94.8644

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2016	0.5226	0.8558	0.8267	96.6061
2017 and later years	0.5226	0.3332	0.3267	98.0675

Taxpayers that use the composite method of Notice 88-100 should use 96.9550 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

Other (Including Credit)

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	69.1729	69.1729	30.8271	29.7431	96.4837
2007	91.2168	22.0439	8.7832	8.4487	96.1907

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2008 and later years	4.3916	4.3916	4.3068	98.0675
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Taxpayers that use the composite method of Notice 88-100 should use 98.0675 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2008 taxable year.

Other Liability -- Claims-Made

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	14.9618	14.9618	85.0382	75.3352	88.5898
2007	36.2113	21.2494	63.7887	56.6653	88.8328
2008	54.2876	18.0763	45.7124	40.4881	88.5713
2009	64.2163	9.9288	35.7837	31.9751	89.3567
2010	73.2732	9.0569	26.7268	24.0123	89.8438
2011	80.5748	7.3016	19.4252	17.5225	90.2054
2012	87.6200	7.0452	12.3800	11.0359	89.1433
2013	89.9155	2.2955	10.0845	9.1344	90.5790
2014	93.3946	3.4791	6.6054	5.9503	90.0827
2015	94.6170	1.2223	5.3830	4.9407	91.7827

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2016	1.2223	4.1607	3.8909	93.5158
2017	1.2223	2.9383	2.7993	95.2689
2018	1.2223	1.7160	1.6643	96.9877
2019 and later years	1.2223	0.4936	0.4841	98.0675

Taxpayers that use the composite method of Notice 88-100 should use 94.6440 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

Other Liability -- Occurrence

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	19.1133	19.1133	80.8867	69.7012	86.1714
2007	36.4434	17.3301	63.5566	54.8037	86.2281
2008	52.1648	15.7215	47.8352	40.9536	85.6140
2009	63.2383	11.0734	36.7617	31.2919	85.1209
2010	72.0780	8.8397	27.9220	23.5235	84.2469
2011	75.9021	3.8241	24.0979	20.5602	85.3195
2012	82.9305	7.0284	17.0695	14.2116	83.2573
2013	85.1441	2.2136	14.8559	12.5200	84.2763
2014	89.3006	4.1565	10.6994	8.7799	82.0597
2015	89.9898	0.6892	10.0102	8.4266	84.1796

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2016	0.6892	9.3210	8.0591	86.4622
2017	0.6892	8.6318	7.6771	88.9398
2018	0.6892	7.9426	7.2798	91.6560
2019	0.6892	7.2533	6.8668	94.6705
2020 and later years	0.6892	6.5641	6.4373	98.0675

Taxpayers that use the composite method of Notice 88-100 should use 90.4497 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

Private Passenger Auto Liability/Medical

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	43.1926	43.1926	56.8074	53.5261	94.2237
2007	72.2008	29.0082	27.7992	26.0766	93.8032
2008	84.5632	12.3625	15.4368	14.5083	93.9856
2009	91.9316	7.3684	8.0684	7.5722	93.8501
2010	95.8729	3.9413	4.1271	3.8546	93.3975
2011	97.7804	1.9075	2.2196	2.0629	92.9415
2012	98.7957	1.0153	1.2043	1.1098	92.1473
2013	99.2491	0.4535	0.7509	0.6915	92.0971
2014	99.5195	0.2703	0.4805	0.4434	92.2703
2015	99.6353	0.1159	0.3647	0.3429	94.0275

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2016	0.1159	0.2488	0.2384	95.8137
2017	0.1159	0.1330	0.1297	97.5849
2018 and later years	0.1159	0.0171	0.0168	98.0675

Taxpayers that use the composite method of Notice 88-100 should use 96.3943 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

Products Liability -- Claims-Made

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	6.5804	6.5804	93.4196	80.2960	85.9520
2007	26.7183	20.1379	73.2817	62.9570	85.9110
2008	43.1834	16.4652	56.8166	48.6731	85.6671
2009	43.9209	0.7375	56.0791	49.8583	88.9071
2010	54.3806	10.4597	45.6194	41.1768	90.2617
2011	78.3630	23.9824	21.6370	18.3607	84.8579
2012	82.8643	4.5013	17.1357	14.5014	84.6271
2013	68.2184	-14.6459	31.7816	30.0132	94.4355
2014	79.1582	10.9399	20.8418	20.0522	96.2118
2015	89.6963	10.5381	10.3037	10.1045	98.0675

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2016 and later years	98.0675
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Taxpayers that use the composite method of Notice 88-100 should use 98.0675 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

Products Liability – Occurrence

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	9.4198	9.4198	90.5802	76.5659	84.5283
2007	20.5845	11.1647	79.4155	68.2285	85.9133
2008	36.7807	16.1962	63.2193	54.4286	86.0950
2009	55.5974	18.8167	44.4026	37.4074	84.2460
2010	66.6238	11.0263	33.3762	27.6526	82.8511
2011	77.2636	10.6399	22.7364	17.9036	78.7443
2012	79.1888	1.9251	20.8112	16.6531	80.0197
2013	83.6816	4.4928	16.3184	12.7345	78.0378
2014	85.5507	1.8691	14.4493	11.3354	78.4496
2015	85.7291	0.1784	14.2709	11.6047	81.3169

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2016	0.1784	14.0925	11.8846	84.3329
2017	0.1784	13.9141	12.1757	87.5062
2018	0.1784	13.7357	12.4784	90.8463
2019	0.1784	13.5573	12.7931	94.3632
2020 and later years	0.1784	13.3789	13.1204	98.0675

Taxpayers that use the composite method of Notice 88-100 should use 89.8177 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

Reinsurance A (Nonproportional Assumed Property)

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	25.0571	25.0571	74.9429	69.5252	92.7708
2007	52.0402	26.9831	47.9598	44.7775	93.3645
2008	82.4709	30.4307	17.5291	15.5292	88.5910
2009	85.6387	3.1678	14.3613	12.9170	89.9434
2010	92.7228	7.0840	7.2772	6.2075	85.3001
2011	91.8604	-0.8624	8.1396	7.3339	90.1015
2012	96.5016	4.6412	3.4984	2.8932	82.6989
2013	96.1872	-0.3143	3.8128	3.3288	87.3078
2014	97.6206	1.4333	2.3794	1.9998	84.0432
2015	97.8419	0.2214	2.1581	1.8536	85.8925

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2016	0.2214	1.9367	1.7017	87.8641
2017	0.2214	1.7154	1.5437	89.9920
2018	0.2214	1.4940	1.3794	92.3296
2019	0.2214	1.2727	1.2086	94.9667
2020 and later years	0.2214	1.0513	1.0310	98.0675

Taxpayers that use the composite method of Notice 88-100 should use 90.9754 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

Reinsurance B (Nonproportional Assumed Liability)

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	8.9223	8.9223	91.0777	76.3687	83.8500
2007	27.3618	18.4395	72.6382	60.6053	83.4344
2008	44.5758	17.2140	55.4242	45.4641	82.0294
2009	53.8781	9.3023	46.1219	37.7880	81.9307
2010	60.8896	7.0115	39.1104	32.1422	82.1834
2011	69.7327	8.8430	30.2673	24.4042	80.6288
2012	76.6292	6.8965	23.3708	18.3431	78.4871
2013	79.4030	2.7738	20.5970	16.2447	78.8690
2014	83.8936	4.4906	16.1064	12.3121	76.4422
2015	80.1707	-3.7229	19.8293	16.5983	83.7063

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2016	1.1805	18.6487	16.0552	86.0925
2017	1.1805	17.4682	15.4904	88.6775
2018	1.1805	16.2877	14.9031	91.4992
2019	1.1805	15.1072	14.2924	94.6071
2020 and later years	1.1805	13.9266	13.6575	98.0675

Taxpayers that use the composite method of Notice 88-100 should use 90.3273 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

Reinsurance C (Nonproportional Assumed Financial Lines)

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	17.1195	17.1195	82.8805	74.5159	89.9077
2007	46.6590	29.5395	53.3410	47.3601	88.7874
2008	67.7135	21.0545	32.2865	27.7757	86.0287
2009	78.1379	10.4244	21.8621	18.2513	83.4837
2010	89.7346	11.5967	10.2654	7.1524	69.6754
2011	92.1268	2.3921	7.8732	4.9978	63.4788
2012	89.7323	-2.3945	10.2677	7.6384	74.3925
2013	90.0460	0.3137	9.9540	7.6225	76.5774
2014	94.8867	4.8407	5.1133	2.9898	58.4711
2015	86.7041	-8.1827	13.2959	11.4527	86.1367

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2016	1.4277	11.8683	10.4527	88.0727
2017	1.4277	10.4406	9.4129	90.1568
2018	1.4277	9.0129	8.3317	92.4421
2019	1.4277	7.5852	7.2075	95.0203
2020 and later years	1.4277	6.1575	6.0385	98.0675

Taxpayers that use the composite method of Notice 88-100 should use 91.0632 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

Special Property
(Fire, Allied Lines, Inland Marine, Earthquake, Glass, Burglary and Theft)

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	62.9320	62.9320	37.0680	35.7122	96.3422
2007	88.4950	25.5631	11.5050	11.0667	96.1907

Taxpayers that do not use the composite method of Notice 88-100 should use the following factor to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2008 and later years	5.7525	5.7525	5.6413	98.0675
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Taxpayers that use the composite method of Notice 88-100 should use 98.0675 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2008 taxable year.

Workers' Compensation

Tax Year	Estimated Cumulative Losses Paid (%)	Estimated Losses Paid Each Year (%)	Unpaid Losses at Year End (%)	Discounted Unpaid Losses at Year End (%)	Discount Factors (%)
2006	28.2489	28.2489	71.7511	64.2325	89.5214
2007	57.8739	29.6249	42.1261	36.5803	86.8351
2008	71.2999	13.4260	28.7001	24.3455	84.8274
2009	77.7584	6.4585	22.2416	18.7287	84.2059
2010	81.9301	4.1717	18.0699	15.2202	84.2298
2011	83.7739	1.8437	16.2261	13.9459	85.9472
2012	86.5350	2.7611	13.4650	11.6854	86.7836
2013	88.4367	1.9017	11.5633	10.2113	88.3080
2014	89.5926	1.1559	10.4074	9.4390	90.6955
2015	91.6441	2.0515	8.3559	7.7228	92.4232

Taxpayers that do not use the composite method of Notice 88-100 should use the following factors to discount unpaid losses incurred in this line of business in the 2006 accident year and that are outstanding at the end of the tax year shown.

2016	2.0515	6.3045	5.9383	94.1919
2017	2.0515	4.2530	4.0828	95.9970
2018	2.0515	2.2016	2.1534	97.8116
2019 and later years	2.0515	0.1501	0.1472	98.0675

Taxpayers that use the composite method of Notice 88-100 should use 95.2214 percent to discount unpaid losses incurred in this line of business in 2006 and prior years and that are outstanding at the end of the 2016 taxable year.

DRAFTING INFORMATION

The principal author of this revenue procedure is Katherine A. Hossofsky of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure, contact Ms. Hossofsky at (202) 622-8435 (not a toll-free call).